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SPECIAL COMMITTEE ON THE SITUATION
WITH REGARD TO THE IMPLEMENTATION
OF THE DECLARATION ON THE GRANTING
OF INDEPENDENCE TO COLONIAL
COUNTRIES AND PEOPLES

ACTIVITIES OF FOREIGN ECONOMIC AND OTHER INTERESTS WHICH ARE IMPEDING THE IMPLEMENTATION OF THE DECLARATION ON THE GRANTING OF INDEPENDENCE TO COLONIAL COUNTRIES AND PEOPLES IN ALL TERRITORIES UNDER COLONIAL DOMINATION AND EFFORTS TO ELIMINATE COLONIALISM, APARTHEID AND RACIAL DISCRIMINATION IN SOUTHERN AFRICA

MONTSERRAT

Working paper prepared by the Secretariat

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INTRODUCTION

1. Basic information on conditions in Montserrat is contained in the general working paper prepared for the current session of the Special Committee (A/AC.109/1137). Supplementary information concerning the activities of foreign economic and other interests in the Territory is presented below. 1/

I. ROLE OF FOREIGN CAPITAL IN THE TERRITORY

2. Foreign investment, mainly from Canada, the United Kingdom of Great Britain and Northern Ireland and the United States of America, continues to play a paramount role in the economy of the Territory. Foreign investment is concentrated in such major areas of the economy of Montserrat as tourism, real estate and property development, manufacturing, international business and telecommunications.

3. During the period under review, the policy of the territorial Government continued to be broadening of the economic base of the Territory and promoting private sector investment, including foreign investments (for details, see A/AC.109/1118, paras. 3-6).

4. In its review of policy and management of the Caribbean Dependent Territories, including Montserrat, published in August 1992, the Government of the United Kingdom as administering Power, noted, inter alia, that there was a need to continue helping the Caribbean Dependent Territories to develop economically; sound private investment was essential if the Caribbean Dependent Territories were to stand more securely on their own, as the Cayman Islands (and Bermuda) did already; where needed, aid and technical cooperation programmes would be maintained; the progressive strengthening of good government of the Territories was indispensable to economic development and continued economic assistance; the Territories sit astride major drug routes from Latin America; with few natural resources, the future economic development of the Territories depended heavily on offshore finance and tourism, but that both activities offered opportunities for drug traffickers, money-launderers and other white collar crime which could threaten the fabric of society and erode the achievements that had been made in promoting economic growth, and that violent crime was increasing throughout the region. The administering Power also noted that past scandals in the public administration of some of the Territories had adversely affected their reputation and their ability to attract investment and tourism.

5. The Foreign and Commonwealth Secretary endorsed the above conclusions, following which Mr. Lennox-Boyd, Minister responsible for the Caribbean Dependent Territories, visited the region in July 1992 to outline them to Governors and elected Ministers.

6. The review also noted that within its overall concern to promote good government, the administering Power had decided that priority must be given to bringing the regulation of offshore financial services into line with internationally accepted norms. As a result of the review, the United Kingdom established the Ministerial Group on the Caribbean Dependent Territories, based

in London, to coordinate the administering Power's commitment to those Territories in areas ranging from defence to aid. The Ministerial Group will be serviced by a secretariat based in Barbados (for details, see A/AC.109/1137, para. 17).

II. TOURISM AND REAL ESTATE DEVELOPMENT

7. Tourism and real estate development continued to be the sectors particularly attractive to foreign investors. The major hotels, condominiums and villas are largely owned and managed by expatriates. The reconstruction and renovation of commercial and residential buildings damaged by hurricane Hugo, as well as the construction of villa complexes, are nearly completed.

8. The policy of the Government regarding tourism is to embark on an eco-tourism strategy aimed at developing the natural attractions of the Territory in a manner consistent with environmental considerations. There are no plans for the establishment of the traditional range of attractions and entertainment facilities related to mass tourism. Promotional activities are to be geared instead to visitors who appreciate nature activities and could be expected to contribute to the Territory's preservation efforts. Montserrat has under consideration plans for the establishment and upgrading of several tourist attractions, such as its sulphur springs, hot water pool, nature trails and bird sanctuary.

9. According to the Eastern Caribbean Central Bank (ECCB), preliminary data on tourism for the second quarter of 1992 (the latest period for which data are available) show that 4,401 tourists visited the Territory, of whom 3,695 were stay-over visitors. Total arrivals for the quarter were 26 per cent below the level of the previous quarter. Stay-over visitors and excursionists declined by 23.2 per cent and 38.1 per cent, respectively. While the United States continued to be the dominant market, its share of the market declined from 34 per cent to 29 per cent over the second quarter. Canada increased its share from 6 per cent to 12 per cent while the share of visitors from the United Kingdom remained unchanged at 12 per cent.

10. ECCB noted that contraction of the construction sector, which had recorded rapid expansion towards the end of 1989 and in 1990 following the hurricane, was largely responsible for continued sluggishness of the economy. 2/

11. It was reported in March 1993 that the territorial Government had introduced new tax measures, including a 10.5 per cent levy on the purchase of real estate by overseas buyers. Formerly, an expatriate paid a 6 per cent purchase tax on real estate, which the Chief Minister claimed was the lowest rate among member States of the Organization of Eastern Caribbean States. 3/

III. MANUFACTURING

12. The manufacturing sector comprises a number of small-scale enterprises, centred on the assembly of electronic components and the production of garments, textiles and leather and plastic goods. Agro-processing facilities have also

increased their contribution to the sector. According to CDB, there were no major developments concerning foreign economic interests in this sector.

IV. INTERNATIONAL BUSINESS

13. Details concerning a review and reorganization of the Territory's international financial services sector are contained in previous working papers on the Territory. It was reported in 1992 (A/AC.109/1101, paras. 54-57), that the Chief Minister had announced the completion of the reorganization process and had stated that the Territory was ready to resume full activities in this area. The Territory is reported to be left with three commercial banks and 21 offshore banks (see also A/AC.109/1137, paras. 57-59). Recent developments are outlined below.

14. In March 1993, the Chief Minister announced that legislation had been passed to transfer the administration and registration of international business and insurance companies to the Financial Services Centre, which would be responsible for the supervision and regulation of the sector in accordance with the respective ordinances. 4/

15. Also in March 1993, the Chief Minister met with officials of the three commercial banks to discuss the relevant provisions of the budget and to ensure that customers are not significantly affected. The meeting with the bankers was part of the territorial Government's initiatives to cooperate with the private sector. The Chief Minister also met with representatives of insurance companies operating in the Territory. 5/

V. TELECOMMUNICATIONS

16. The London-based Cable and Wireless, Ltd. continued to provide Montserrat with local and international telephone and telecommunication services.

17. It was reported in a local newspaper that Cable and Wireless, Ltd. was among a group of companies that were monopolies. The newspaper considered that the rates charged by Cable and Wireless as a result of its status were too high and called upon the company to absorb a proposed tax increase of 5 per cent on long-distance telephone calls, or offer more off-peak periods to more countries. 6/

Notes

1/ The information contained in the present paper has been derived from published reports and from information transmitted to the Secretary-General by the Government of the United Kingdom of Great Britain and Northern Ireland under Article 73 e of the Charter of the United Nations on 26 March 1993.

2/ Eastern Caribbean Central Bank, Economic and Financial Review, vol. 10, No. 2, June 1992.

3/ The Montserrat Reporter (Plymouth), 26 March 1993.

Notes (continued)

4/ The Trinidad Guardian (Port-of-Spain), 22 March 1993.

5/ The Montserrat Reporter (Plymouth), 22 March 1993.

6/ Ibid., 8 April 1993.